World Bank assistance to tide over financial crisis

2371. SHRIMATI SUPRIYA SULE: Will the PRIME MINISTER be pleased to state:

(a) whether the World Bank has in its report on "Global Financial Crisis" has pointed out that India has taken measures to tide over global financial crisis;

(b) whether the World Bank has also agreed to provide assistance to India in meeting the global financial crisis;

(c) to what extent the World Bank and other countries have helped India to tide over global financial crisis; and

(d) whether the World Bank has also given some suggestion in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Madam. The World Bank, in its analysis titled "Global Financial Crisis: Implications for South Asia" dated October 21, 2008 has mentioned about measures taken by India to tide over global financial crisis.

(b) and (c) Yes, Madam. The World Bank has agreed to provide an additional assistance of US $ 3 billion over and above the net disbursement in the next three years. Besides, Central Banks of India and Japan have signed a Bilateral Currency Swap Agreement which provides for exchange and re-exchange of a maximum amount of US$ 3 billion for the domestic currency at the spot rate to meet temporary Balance of Payments problems faced by either country.

(d) Some options suggested by the World Bank in the said analysis are (i) better expenditure management for reconciling stabilization with growth objectives, and (ii) refocusing policy attention to the next phase of structural and institutional reforms to help recover growth.

Initiatives to improve tax revenues and disposal of refund claims

2372. SHRI RUDRA NARAYAN PANY: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government has taken new initiatives to improve tax revenues and also to expedite disposal of refund claims;

(b) if so, the details thereof;

(c) whether it is also a fact that in ward/circle No. 40(4), Mayur Bhavan, New Delhi, a number of refund claims have been piled up and there is no mechanism to address the grievances of the senior citizens in the matter;

(d) the number of such refund claims pending over one year in the above ward; and

(e) the action plan of Government to address this issue?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. The Government has taken some new initiatives to improve the tax revenues and also to expedite the disposal of refund claims.

(b) The following steps have been taken by the Government to improve the direct and indirect tax revenues:

(I) Direct Taxes

1. Monitoring of advance tax payment of top tax payers.
2. Emphasis on collection out of arrear demand and monitoring of the cases of top defaulters.
3. Selection of cases under scrutiny based on objective financial parameters.
4. Computerization of the Departmental business processes and data bases for linking of information and reporting of high value transactions.
5. Strengthening the tax deduction at sources/Tax Collection at sources set up by creating 13 Commissioner level posts and conducting effective surveys to unearth non-payment of TDS/TCS.
6. Encouragement to voluntary tax-compliance through better taxpayer's service.
7. Multi-media campaign to encourage voluntary compliance of tax laws.
8. Increase in efforts for widening of the tax base.
9. Generating lists of cases in which self assessment tax was not paid and pursuing recovery.

Steps taken by the Government to expedite the disposal of refund claims:-

(i) Guidelines have been issued by Central Board of Direct Taxes to process all returns within four months of filing and issue refunds.

(ii) To ensure speedy processing and issuance of refunds for the assessment year 2007-08, the Income Tax Department has instructed the field formations to accept the tax-payer's claim for the credit of the Tax Deduction at Source (TDS) at the time of processing of returns in all the IT returns where the aggregate TDS claim does not exceed Rs. 5 lakhs and where the refund computed does not exceed Rs. 25,000.

(II) Indirect Tax

I. Measures to tackle evasion in central excise:

(i) **Information from Third party**: In order to identify manufacturers with a propensity to evade taxes and to create an atmosphere of voluntary compliance, certain legal changes were made in September, 2008 in the Central Excise Rules to facilitate collection of information from third party sources or from manufacturers themselves. These measures include- (a) prescribing an **Annual Installed Capacity Return** for giving the annual production capacity of the plant. The annual capacity as declared by a manufacturer would be compared with the actual production declared by a unit and in case off significant variations, necessary enquiries would be made; (b) collecting additional information such as PAN, VAT

Registration No. and Electricity Meter details from SSI Units; (c) collecting Electricity Consumption Data; (d) Filing of ER-4, ER-5 and ER-6 returns by more assessees.

(ii) **Deterrent provisions**: Deterrent provisions were introduced for Central Excise in December, 2006 to deal firmly with the problem of planned and deliberate non-compliance of tax law. Where a manufacturer is *prima facie* found to be knowingly involved in committing specified offences, then the facility of monthly payment of duty and/or utilisation of CENVAT credit can be withdrawn/restricted. If the manufacturer is found to be involved in committing any of the specified offences for the second time or subsequently, then physical control can be imposed for a period of time.

II. **Large Taxpayer Units**: Following international practice, large tax payer units are being set up in Indian in a phased manner. An LTU is a self-contained tax office under the Department of Revenue acting as a single window clearance point for all matters relating to Central Excise, Income Tax/Corporate Tax and Service Tax. Eligible Tax Payers (who have paid duties of excise of service tax of more than rupees five crores in cash; or advance tax of more than rupees ten crores, under the Income Tax Act, 1961) and opt for assessment in LTU shall be able to file their excise return, direct taxes returns and service tax return at such LTUs and will be assessed to all these taxes.

III. **CAAP Audit**: The Department has extended the Computer Assisted Audit Protocol (CAAP) to 4 new centres, in addition to the existing 5 centres. CAAP is a method of audit for scrutiny of financial data of assesses with the help of specialized software installed in the CAAP Lab in the office of the respective Central Excise commissionerate. With its help, the linkages and discrepancies in the assessees' data can be detected and the areas of non-compliance can be identified.

IV. **Refunds**: For expeditious disposal of refund claims, instructions were issued for sanctioning of 80% of refund claim within 15 days of filing of the claim after completing preliminary scrutiny to specified category of manufacturers/exporters. The balance amount is to be paid within 45 days from the date of filing of the claim. Further, as per the provisions of the Central Excise Act, 1944 if the refund claim is not sanctioned within three months from the filling of the claim, the department is liable to pay interest at the prescribed rate to the applicant.

(c) No Sir, it is not a fact that there is no mechanism to address the grievances of the senior citizens. There are adequate mechanisms to address the grievances of the senior citizens such as Income-tax Ombudsman at New Delhi, Commissioner of Income-tax (Helpline), New Delhi as well as the supervisory authorities in the department at various levels. However, there has been some delay in processing and issue of refunds for A.Y. 2007-08 because the Income Tax Department has been switching over to three tier architecture and Regional Computer Centres have to be shut one by one for uploading data to National Data Centre.

(d) As per the detailed verification made by the Assessing Officer, there are only 41 refund claims pending over one year in Ward 40(4), New Delhi.

(e) The pendency of 41 refund cases is due to factors attributable to assesses like quoting of wrong PAN/TAN and in this regard, the assessing officer has issued deficiency letters to the assesses. The action plan of the Government to address this issue is by adopting various methods to ensure quick issue of refunds in all cases where due. The actions taken are by way of directions to the field formations to dispose off all cases by processing of returns within four months of the filing of return and out of these, the refund returns are to be accorded top priority first and thereafter, the other cases are to be taken up. Further the verification of the TDS in cases involving refund upto Rs. 25,000/- has been waived to expedite the early issuance of refunds in comparatively low value cases.

Revision in age limit for senior citizens

2373. SHRI DHARAM PAL SABHARWAL: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the age limit for senior citizen for the purpose of grant of higher rate of interest in Banks and lower fare in Rail reservation is 60 years;

(b) if so, what are the reasons that the said limit in 65 years for the purpose of Income Tax calculations or rebates thereon;

(c) whether Government proposes to revise the age limit and make the definition of Senior Citizen uniform for all purpose;

(d) if so, by when; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The qualifying age limit of 65 years for senior citizens has been adopted for Income-tax purpose, keeping in view the income earning capacity of this class of persons as well as the revenue outgo due to the enhanced exemption limit and other deductions.

(c) No such proposal is under consideration at present.

(d) Not applicable.

(e) The variation in the age limit for senior citizens among Central Government, Ministries or Departments in respect of grant of concessions or facilities is due to the difference in the respective purposes for which such concessions are granted.

Burden of Sixth Pay Commission on public exchequer

2374. SHRI RAHUL BAJAJ: Will the PRIME MINISTER be pleased to state:

(a) what is going to be the annual burden of the Sixth Pay Commission on the Central and State Exchequers during the financial year 2009-10; and